



Michigan Municipal Electric Association

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October 1, 2015

Chairman Mike Nofs, Chairman
Senate Committee on Energy and Technology
PO Box 30036
Lansing, MI 48909

Re: Support of Senate Bill 437

Chairman Nofs and Members of the Committee:

First and foremost, MMEA would like to thank Chairman Nofs, as well as Senators Proos and Hopgood for investing their time to create a Senate Workgroup representing a diverse set of interested parties. In our opinion, crafting and implementing good public policy should allow for input from the public. The Senate Workgroup allowed for such a process. From Lake Michigan to the Detroit River, the Workgroup met several times over the last year and a half.

The dialogue was fruitful, and MMEA is thankful to have been a part of that process. In the end, we think it was this process that has led to the drafting of good energy policy. MMEA members support SB 437, and we appreciate that the sponsor of this bill has properly recognized the importance that local control plays in setting sound utility policy.

The Michigan Municipal Electric Association (MMEA) is Michigan's trade group for municipally owned electric utilities. The 40 communities in MMEA which own and operate their own electric utilities provide for approximately eight percent of Michigan's total electric retail sales.

Cities or villages with municipal electric systems provide electric service to their residents, just as communities commonly provide water and sewer service. As units of local government, municipal electric systems are non-profit, community owned and operated, and regulated directly by the communities they serve through elected and/or appointed officials. As such, every citizen is an owner of the utility - having the opportunity to have a direct say in decisions that affect rates, service, and policy.

Retaining Local Control

In 2008, the Michigan Legislature recognized the longstanding history and success that local control plays in allowing customers of municipally owned utilities to have input into the decision making process. Accordingly, in crafting Public Act 286 the Legislature allowed the governing bodies of municipal utilities to decide whether to allow retail open access (ROA) for their utility. MMEA supports this provision, and believes that it is important to keep the decision making process at the local level. To date, no MMEA member has found it beneficial to adopt ROA for their customers. MMEA continues to believe that the local governing body is the appropriate venue to make such decisions.

Municipal utilities take a long-term planning approach to ensure generation capacity or power supply is available for future reliability at a reasonable price. In fact, MMEA members have a legal obligation-to-serve all customers within their service territory that request service.

This legal obligation-to-serve also applies to utilities such as Consumers Energy and DTE Electric, which are regulated by the Michigan Public Service Commission.

The benefits of local control and a long-term approach to meeting customer needs can be seen by looking at recent decisions made by MMEA's two largest members. The governing bodies of both the Lansing Board of Water & Light and Holland Board of Public Works were able to retire coal plants at the end of their useful life, by obtaining the needed financing to construct natural gas fueled cogeneration plants. Other MMEA members are able to finance and install equipment to lower emissions at clean coal plants with many years of useful life still remaining. Financing would be very difficult in an environment where customers are allowed to move back and forth between energy suppliers.

Retaining Local Control for Long-Term Planning

When deciding what specific generation to use, MMEA governing bodies take an all-of-the-above approach. Clean baseload, renewable energy and energy waste reduction programs are all considered critical components of any sound power supply plan.

It is our belief that leaving important decisions on how best to meet customer energy needs to our local regulatory bodies will provide for the greatest benefit to our customers. Senate Bill 437 does leave the decision making process for both short and long-term resource planning with our local governing bodies, consistent with historical practice.

In summary, history tells us that leaving important decisions on how best to meet the long term demand of municipal customers in the hands of our local governing bodies is best for MMEA customers. These governing bodies are made up of community leaders that know our customers' needs and desires.

MMEA looks forward to supporting your efforts to address energy policy for Michigan in a positive manner, and I would be pleased to take any questions that you may have.

Regards,

A handwritten signature in blue ink that reads "Jim Weeks". The signature is fluid and cursive, with the first name "Jim" and last name "Weeks" clearly distinguishable.

Jim Weeks
Executive Director

CC: Members of the Senate Committee on Energy and Technology
Members of the MMEA Board of Directors